

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Applewood Communications
Corporation for a Certificate of Public Convenience
and Necessity to Operate as a Reseller of
Interexchange Telecommunications Services Within
the State of South Carolina

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2007 - 99 - C

(Please type or print)

Submitted by: John J. Pringle, Jr.

SC Bar Number: 11208

Telephone: 803-343-1270

Fax: 803-799-8479

Address: Ellis, Lawhorne & Sims, PA

PO Box 2285

Columbia SC 29202

Other:

Email: jpringle@ellislawhorne.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

Print Form

Reset Form

ELLIS:LAWHORNE

John J. Pringle, Jr.
Direct dial: 803/343-1270
jpringle@ellislawhorne.com

July 30, 2007

FILED ELECTRONICALLY AND ORIGINAL VIA 1st CLASS MAIL SERVICE

The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Applewood Communications Corporation for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Interexchange Telecommunications Services Within the State of South Carolina
Docket No. 2007-99-C, Our File No. 1340-11441

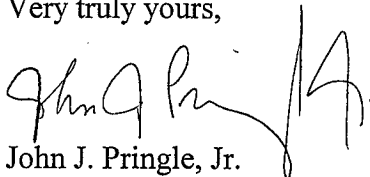
Dear Mr. Terreni

Enclosed is the original and one copy of the **Testimony of Courtlandt G. Miller** filed on behalf of Applewood Communications Corporation in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,



John J. Pringle, Jr.

JJP/cr

cc: C. Lessie Hammonds, Esquire (via electronic and first-class mail service)
Courtlandt G. Miller (via electronic mail service)

Enclosures

THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-99-C

IN RE:

Application of Applewood
Communications Corporation for a
Certificate of Public Convenience and
Necessity to Operate as a Reseller of
Interexchange Telecommunications
Services Within the State of South
Carolina

TESTIMONY OF
COURTLANDT G. MILLER

- 1 **Q. Will you please state your name and business address.**
- 2 A. My name is Courtlandt G. Miller. My business address is 275 Seventh Avenue, Suite
- 3 2000, New York NY 10001.
- 4
- 5 **Q. By whom are you employed and in what capacity?**
- 6 A. I am the President of Applewood Communications Corporation ("Applewood").
- 7
- 8 **Q. Please describe your duties for the company.**
- 9 A. I am in charge of coordinating all technical, administrative, financial and regulatory
- 10 issues relating to new and/or existing services of Applewood.

1 **Q. Please give a brief description of your background and experience.**

2 A. I am the Chairman and Chief Executive Officer of the Applewood. I founded Applewood
3 Communications Corporation earlier this year to create a virtual network telephony
4 operator providing a complete suite of telephone services on a private label basis to
5 marketing partners and their members. While I do not have any prior telco experience, I
6 am a seasoned senior executive, having been involved in all of the disciplines required to
7 run a company. Specifically, I practiced corporate and securities law in New York City
8 between 1980 and 1988 advising my clients on a wide range of issues including capital
9 formation, merger and acquisitions, labor law and anti-trust. Between 1988 and 1995, I
10 was a Senior Vice President and a Director of Diagnostek, Inc a New York Stock
11 Exchange listed health care company. As one of the three senior officers, the company
12 grew from \$5 million in sales to over \$850 million in seven years. Upon its sale in 1995,
13 Diagnostek had operations in over 35 states, had over 3,500 employees and had raised
14 over \$250 million in capital. The company provided both mail order and retail pharmacy
15 services for major corporations including Ford, Chrysler, Goodyear and Eaton
16 Corporation. In addition, the company provided pharmacy services to over 150 hospitals
17 and state mental health institutions. Similar to the telecommunications industry, the
18 practice of pharmacy is highly regulated by each state and the Federal government.
19 Among my many duties, I had ultimate responsibility for compliance with all pharmacy
20 rules and regulations. In this regard, the company's record was exemplary. Diagnostek
21 was sold in 1995, and I and the other senior officers left the business.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to present evidence describing the technical, managerial
3 and financial fitness of Applewood to provide resold interexchange telecommunications
4 services in South Carolina. This testimony will also describe the services proposed by
5 Applewood and the proposed tariff structure. Finally, the purpose of my testimony is to
6 show that the public interest will be served by approval of the application of Applewood
7 for a certificate of public convenience and necessity.

8
9 **Q. Would you like to incorporate by reference any documents into your testimony?**

10 A. Yes. I would like to incorporate by reference the Company's application and exhibits
11 previously filed with this Commission.

12
13 **Q. Has Applewood registered to do business in South Carolina?**

14 A. Yes. Applewood received foreign corporation authority on March 21, 2007. This
15 document is attached to this Testimony as **Exhibit 1**.

16
17 **Q. Please explain the Company's corporate and ownership structure.**

18 A. Applewood is a corporation organized and existing under the laws of the State of
19 Delaware, organized on September 8, 2006 under the name Ezel Holdings, Inc. The
20 Amended and Restated Certificate of Incorporation was filed on November 5, 2006,
21 changing the name of the corporation to Applewood Communications Corporation. This
22 document was attached to the Application as Exhibit 1.

1 **Q. Please describe the services Applewood proposes to offer.**

2 A. Applewood intends to offer inbound and outbound telecommunications services to
3 residential and business customers, utilizing switched and dedicated access, throughout
4 the State of South Carolina. Resold telecommunications services offered by Applewood
5 include outbound 1+ dialing, inbound 800/888 toll-free, travel card, and prepaid calling
6 services.

7 With some exceptions, Applewood does not intend to own its own lines or
8 switches but rather will use the existing infrastructure of large well capitalized global
9 telecommunications companies.

10

11 **Q. Is Applewood aware of the Commission's requirement that it file a \$5,000 bond or**
12 **certificate of deposit in connection with the offer or sale of prepaid debit card services?**

13 A: Yes. Applewood will comply with this requirement.

14

15 **Q. Which carrier or carriers serve as your underlying carrier?**

16 A. Applewood's primary provider will be WilTel/Level3 but Applewood will also use to
17 some extent, Globabl Crossing, ATT, Sprint and others. In this way, Applewood will not
18 incur substantial capital expenditures building a network.

19

20 **Q. Do any other carriers provide Applewood with service?**

1 A. Not at this time. Applewood will employ the services of only those carriers properly
2 certified or authorized by this Commission.

3

4 **Q. How will Applewood bill for its services?**

5 A. Applewood bills its customers directly.

6

7 **Q. How are trouble reports, billing errors and complaints handled?**

8 A. Applewood utilizes a nationwide toll-free number (877) 823-1223 for customer service.
9 Customers may call that number Monday through Friday, 8 am to 9 pm and Saturday
10 from 10 am – 4 pm, Eastern Standard Time.

11

12 **Q. Are you familiar with the tariff submitted as Exhibit 4 to the Application?**

13 A: Yes.

14

15 **Q. Was the tariff prepared under your supervision?**

16 A: Yes. It was prepared under my supervision.

17

18 **Q. Describe the proposed Applewood South Carolina tariff.**

19 A. Applewood has included a proposed interexchange tariff which contains the rules,
20 regulations and rates for Applewood 's interexchange services. I believe that
21 Applewood's tariff will comport with all Orders, Rules and Regulations of the
22 Commission, and Applewood will make all changes suggested by the ORS necessary to

1 comply with all such applicable authority. Should the Application be granted, Applewood
2 plans to commence offering services immediately.

3
4 **Q. What regulatory treatment is Applewood seeking in this application?**

5 A. Applewood requests that all of its business service offerings be regulated pursuant to the
6 procedures described and set out in Commission Order Nos. 95-1734 and 96-55 in
7 Docket No. 95-661-C, as modified by Commission Order No. 2001-997 in Docket No.
8 2000-407-C. It is Applicant's intent by this request to have its business services regulated
9 in the same manner as this Commission has permitted for AT&T Communications of the
10 Southern States, Inc. ("AT&T"). Specifically, Applicant requests that the Commission:
11 (a) remove the maximum rate tariff requirements for its business services, consumer card,
12 operator service,¹ private line, and customer network-type offerings; b) presume that the
13 tariff filings for these uncapped services be valid upon filing. However, if the
14 Commission institutes an investigation of a particular filing within seven (7) days, the
15 tariff filing would be suspended until further order of the Commission; and c) grant
16 Applicant the same treatment as AT&T in connection with any future relaxation of the
17 Commission's reporting requirements.

18
19 **Q. Is Applewood currently certified to provide intrastate resale services of the type**
20 **described herein in any other states?**

¹ Excepting those operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected the local exchange carrier as their toll provider. Operator surcharges and per-minute rates for this type of call were capped by Commission Order No. 2001-997, dated November 8, 2001.

1 A. Applewood has received authority to provide telecommunications services in the
2 following states: Arizona, Arkansas, Colorado, District of Columbia, Florida, Idaho,
3 Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Mississippi, Montana, Nebraska,
4 New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota,
5 Oregon, Texas, Utah, Wisconsin, Wyoming. In addition, Applewood has applications
6 pending in Alabama, California, Delaware, Georgia, Illinois, Louisiana, Maine,
7 Massachusetts, Missouri, Pennsylvania, South Carolina, Tennessee, and Vermont.
8 Applewood has not been denied certification in any state.

9
10 **Q. Describe Applewood's financial ability to operate as a telecommunications reseller.**

11 A. Applewood has submitted its balance sheet to show it has the financial resources to
12 operate successfully as a telecommunications reseller to consumers in South Carolina as
13 Exhibit 2 to its Application. As set forth therein, Applewood has cash resources to
14 support its operations.

15
16 **Q. Do you believe Applewood is capable of delivering its proposed services in South**
17 **Carolina?**

18 A. Yes, in addition to having sufficient financial resources, Applewood has a team of
19 competent and experienced personnel. Through its close relationships to its underlying
20 carriers, Applewood also has access to the technical personnel necessary to provide
21 successful and continuous telecommunications services in South Carolina.

1 **Q. Where in South Carolina does Applewood intend to offer its services and how will**
2 **those services be offered?**

3 A. Services will be offered to business and residential customers statewide.
4

5 **Q. Does the Company have offices in South Carolina?**

6 A. No. The Company does not intend to have offices in South Carolina. Accordingly,
7 Applewood requests, pursuant to Commission Rule 103-610, that the Commission authorize
8 the Company to keep its books and records at its offices in New York. Applewood will have
9 a registered agent in South Carolina and will bear any costs associated with inspection of its
10 books and records by the Commission or the South Carolina Office of Regulatory Staff
11 ("ORS").
12

13 **Q. Does the Company use the Uniform System of Accounts ("USOA") to maintain its**
14 **financial books and records?**

15 A. No. Accordingly, the Company requests a waiver of Commission Rule 103-611 to the extent
16 that rule requires the use of the USOA, and requests permission to use Generally Accepted
17 Accounting Principles ("GAAP").
18

19 **Q. Should the Company be required to file an Operating Area Map with the Commission?**

20 A. No. Because the Company intends to offer its services throughout the geographic service
21 areas of the incumbent local exchange carriers in the State of South Carolina, the Company
22 requests that the Commission forbear from requiring the Company to "file with this

1 Commission a map or maps showing its certificated area and/or exchange service area(s).”

2
3 **Q. Does the Company intend to publish telephone directories?**

4 A. No. The Company’s customers will be included in existing directories, pursuant to their
5 agreements with their local exchange carriers. Accordingly, the Company requests that the
6 Commission grant a waiver of Commission Rule 103-631.

7
8 **Q. Will the Company comply with all applicable statutory and regulatory requirements**
9 **of the State of South Carolina and this Commission?**

10 A. Yes.

11
12 **Q. Will the Company file all applicable reports as required by the Commission?**

13 A. Yes. The Company is aware of the Commission’s requirements that all
14 telecommunications carriers file a report on South Carolina operations, a gross receipts
15 report, and a universal service contribution report on an annual basis.

16
17 **Q. How will South Carolina consumers benefit from Applewood's services?**

18 A. Applewood’s proposed service will provide alternative services of the highest quality,
19 will provide increased consumer choice in billing options, and will offer increased
20 diversification and increased reliability of communications services. Our service
21 offerings will enhance competition for telecommunications services in this state because
22 the addition of another supplier of telephone service will increase competition in terms of

1 price and quality of service for the business of telephone service consumers.

2

3 **Q. Does this conclude your testimony?**

4 **A. Yes it does.**

Exhibit 1

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Authorization

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

APPLEWOOD COMMUNICATIONS CORPORATION, a corporation duly organized under the laws of the State of DELAWARE and issued a certificate of authority to transact business in South Carolina on March 21st, 2007, has on the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that its authority to transact business in South Carolina is subject to being revoked pursuant to Section 33-15-310 of the 1976 South Carolina Code, and no application for surrender of authority to do business in South Carolina has been filed in this office as of the date hereof.

Given under my Hand and the Great Seal of
the State of South Carolina this 21st day of
March, 2007

A handwritten signature of Mark Hammond in cursive script.

Mark Hammond, Secretary of State

Note: This certificate does not contain any representation concerning fees or taxes owed by the Corporation to the South Carolina Tax Commission or whether the Corporation has filed the annual reports with the Tax Commission. It is important to know whether the Corporation has paid all taxes due to the State of South Carolina, and has filed the annual reports, a certificate of compliance must be obtained from the Tax Commission.